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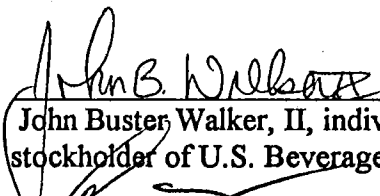
A competing business shall encompass any business similar to or which might be competing with U.S. Beverage. Reasonable standards shall be the basis for determination of whether or not a business is competing with U.S. Beverage.


Immediate injunctive relief in a court of law is authorized to stop such competition. In addition to all provable damages award able, due to the nature of such a breach, liquidated damages in the amount of \$ 75, 000.00, costs and attorney's fees are award able to the prevailing party in the event suit is instituted successfully.

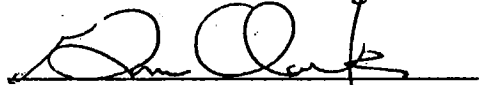
In the event that the parties to this agreement within one year of signing it either individually or collectively decide to cease working together and desire to terminate their working relationship, then the following shall apply:

- A. If a stockholder is bought out this agreement shall apply to them and be part of that buy out agreement.
- B. If a stockholder surrenders his stock to the corporation without compensation in writing, this agreement shall NOT APPLY to that stockholder.

At the end of the above defined year, this provision shall lapse.


John Buster Walker, II, individually and as a
stockholder of U.S. Beverage


Grady Dowling Kittrell, individually and as a
stockholder of U.S. Beverage





000010

Thomas Going Clark, III, individually and as a
stockholder of U.S. Beverage

U. S. Beverage, Inc.

By: John B. Walker
One third owner

By: [Signature]
One third owner

By: Thomas Going Clark, III
One third owner

STATE OF ALABAMA

*

*

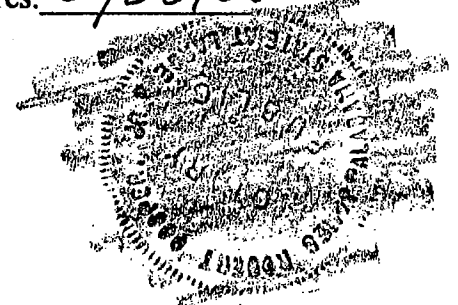
MONTGOMERY COUNTY

*

I, the undersigned authority, a Notary Public in and for said State at Large hereby certify that John Buster Walker, II, Grady Dowling Kittrell, and Thomas Going Clark, III individually and as the sole owners of U. S. Beverage and as the authorized agents of U.S. Beverage, whose names are signed to the foregoing conveyance, and who are known to me acknowledged before me on this day, that, being informed of the contents of the conveyance they executed same voluntarily on the day the same bears date.

Given under my hand and official seal this the 24 day of April, 2002..

John R. Cooper
Notary Public
My Commission Expires: 2/26/06



Department of the Treasury Internal Revenue Service

U.S. Income Tax Return for an S Corporation 2001

OMB No. 1545-0130

IRS use only — Do not write or staple in this space.

Form

- ▶ Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.
▶ See separate instructions.

For calendar year 2001, or tax year beginning

, 2001, and ending

, 20

A Effective Date of Election as an S Corporation 1/01/2000	Use IRS label. Otherwise, print or type. TROPICAL PERFECTIONS 2218 4TH AVE PHENIX CITY, AL 36867	C Employer Identification Number 62-1808348
B Business Code No. (see instructions) 421990		D Date incorporated 1/01/2000
		E Total Assets (see instructions) \$ 88,905.

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☒ Amended return

G Enter number of shareholders in the corporation at end of the tax year. ▶ 1

Caution: Include *only* trade or business income and expenses on lines 1a through 21. See the instructions for more information.

I N C O M E	1a	Gross receipts or sales ..	699,654.	b	Less returns and allowances ..		c	Bal ▶	1c	699,654.	
	2	Cost of goods sold (Schedule A, line 8)							2	440,871.	
	3	Gross profit. Subtract line 2 from line 1c							3	258,783.	
	4	Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)							4		
	5	Other income (loss) (attach schedule)							5		
	6	Total income (loss). Combine lines 3 through 5. ▶							6	258,783.	
D E D U C T I O N S	7	Compensation of officers							7	48,504.	
	8	Salaries and wages (less employment credits)							8	62,470.	
	9	Repairs and maintenance							9	3,736.	
	10	Bad debts							10	1,399.	
	11	Rents							11	21,355.	
	12	Taxes and licenses							12	14,381.	
	13	Interest							13	2,686.	
	14a	Depreciation (if required, attach Form 4562)		14a	12,032.						
	b	Depreciation claimed on Schedule A and elsewhere on return.		14b							
	c	Subtract line 14b from line 14a							14c	12,032.	
S M E I N S T R U C T I O N S	15	Depletion (Do not deduct oil and gas depletion.)							15		
	16	Advertising							16	1,885.	
	17	Pension, profit-sharing, etc, plans							17		
	18	Employee benefit programs							18		
	19	Other deductions (attach schedule)	SEE STATEMENT 1						19	77,479.	
	20	Total deductions. Add the amounts shown in the far right column for lines 7 through 19. ▶							20	245,927.	
	21	Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6							21	12,856.	
	T A X A N D P A Y M E N T S	22a	Excess net passive income tax (attach schedule)		22a						
		b	Tax from Schedule D (Form 1120S)		22b						
		c	Add lines 22a and 22b (see instructions for additional taxes)							22c	
23a		2001 estimated tax payments and amount applied from 2000 return		23a							
	b	Tax deposited with Form 7004		23b							
	c	Credit for federal tax paid on fuels (attach Form 4136)		23c							
	d	Add lines 23a through 23c							23d		
24	Estimated tax penalty. Check if Form 2220 is attached. ▶ <input type="checkbox"/>							24			
25	Tax due. If the total of lines 22c & 24 is larger than line 23d, enter amount owed. See instrs for depository method of payment. ▶							25	0.		
26	Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid. ▶							26			
27	Enter amount of line 26 you want: Credited to 2002 estimated tax .. ▶ Refunded							27			

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of Officer _____ Date _____ Title **PRESIDENT** May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's Signature	Date	Check if self-employed	Preparer's SSN or PTIN
	6/20/02	<input type="checkbox"/>	P00112991
Firm's Name (or yours if self-employed), Address, and ZIP Code	EIN	Phone No.	
FOUNTAIN, ARRINGTON, BASS, MERCER & LEE, P.C. 2101 BROOKSTONE CENTRE PARKWAY SUITE 100 COLUMBUS, GA 31904	58-1307612	(706) 322-5482	

BAA For Paperwork Reduction Act Notice, see separate instructions.

SPSA0105L 12/19/01 Form 1120S (2001)

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year.....	1	26,012.
2	Purchases.....	2	398,700.
3	Cost of labor.....	3	
4	Additional Section 263A costs (attach schedule).....	4	
5	Other costs (attach schedule).....	5	SEE STATEMENT 2. 31,323.
6	Total. Add lines 1 through 5.....	6	456,035.
7	Inventory at end of year.....	7	15,164.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.....	8	440,871.

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations Section 1.471-3
 (ii) ☐ Lower of cost or market as described in Regulations Section 1.471-4
 (iii) ☐ Other (specify method used and attach explanation) _____

b Check if there was a writedown of 'subnormal' goods as described in Regulations Section 1.471-2(c)..... ☐**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ☐**d** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO..... **9d** _____**e** Do the rules of Section 263A (for property produced or acquired for resale) apply to the corporation?..... ☐ Yes ☐ No**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation..... ☐ Yes ☐ No**Schedule B** Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____		
2 Refer to the list in the instructions and state the corporation's principal: (a) Business activity <u>WHOLESALE SALES</u> (b) Product or service <u>FROZEN BEV EQ/MIX</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see Section 267(c).) If 'Yes,' attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		X
4 Was the corporation a member of a controlled group subject to the provisions of Section 1561?		X
5 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter. <input type="checkbox"/>		
6 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. <input type="checkbox"/>		
7 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in Section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions)..... \$ _____		
8 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see instructions). <input type="checkbox"/>		

Note: If the corporation had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc

	(a) Pro rata share items	(b) Total amount
1 Ordinary income (loss) from trade or business activities (page 1, line 21).....	1	12,856.
2 Net income (loss) from rental real estate activities (attach Form 8825).....	2	
3a Gross income from other rental activities..... 3a		
b Expenses from other rental activities (attach schedule)..... 3b		
c Net income (loss) from other rental activities. Subtract line 3b from line 3a.....	3c	
4 Portfolio income (loss):		
a Interest income.....	4a	126.
b Ordinary dividends.....	4b	
c Royalty income.....	4c	
d Net short-term capital gain (loss) (attach Schedule D (Form 1120S)).....	4d	
e (1) Net long-term capital gain (loss) (attach Schedule D (Form 1120S)): (2) 28% rate gain (loss)..... (3) Qualified 5-year gain.....	4e (1)	
f Other portfolio income (loss) (attach schedule).....	4f	
5 Net Section 1231 gain (loss) (other than due to casualty or theft) (attach Form 4797).....	5	-17,500.
6 Other income (loss) (attach schedule).....	6	

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc (continued)

	(a) Pro rata share items	(b) Total amount	
Deductions	7 Charitable contributions (attach schedule) SEE STATEMENT 3.....	7 250.	
	8 Section 179 expense deduction (attach Form 4562)	8 12,856.	
	9 Deductions related to portfolio income (loss) (itemize)	9	
	10 Other deductions (attach schedule)	10	
Investment Interest	11 a Interest expense on investment debts	11 a	
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	11 b (1) 126.	
	(2) Investment expenses included on line 9 above	11 b (2)	
Credits	12 a Credit for alcohol used as a fuel (attach Form 6478)	12 a	
	b Low-income housing credit:		
	(1) From partnerships to which Section 42(j)(5) applies	12 b (1)	
	(2) Other than on line 12b(1)	12 b (2)	
	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12 c	
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities	12 d	
	e Credits related to other rental activities	12 e	
	13 Other credits	13	
	Adjustments and Tax Preference Items	14 a Depreciation adjustment on property placed in service after 1986	14 a -5,480.
		b Adjusted gain or loss	14 b -4,201.
c Depletion (other than oil and gas)		14 c	
d (1) Gross income from oil, gas, or geothermal properties		14 d (1)	
(2) Deductions allocable to oil, gas, or geothermal properties		14 d (2)	
e Other adjustments and tax preference items (attach schedule)		14 e	
Foreign Taxes	15 a Name of foreign country or U.S. possession ▶		
	b Gross income from all sources	15 b	
	c Gross income sourced at shareholder level	15 c	
	d Foreign gross income sourced at corporate level:		
	(1) Passive	15 d (1)	
	(2) Listed categories (attach schedule)	15 d (2)	
	(3) General limitation	15 d (3)	
	e Deductions allocated and apportioned at shareholder level:		
	(1) Interest expense	15 e (1)	
	(2) Other	15 e (2)	
	f Deductions allocated and apportioned at corporate level to foreign source income:		
	(1) Passive	15 f (1)	
	(2) Listed categories (attach schedule)	15 f (2)	
	(3) General limitation	15 f (3)	
g Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15 g		
h Reduction in taxes available for credit (attach schedule)	15 h		
Other	16 Section 59(e)(2) expenditures: a Type ▶	16 b	
	17 Tax-exempt interest income	17	
	18 Other tax-exempt income	18	
	19 Nondeductible expenses	19 1,748.	
	20 Total property distributions (including cash) other than dividends reported on line 22 below	20	
	21 Other items and amounts required to be reported separately to shareholders (attach schedule)		
	22 Total dividend distributions paid from accumulated earnings and profits	22	
	23 Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15g, and 16b	23 -17,624.	

BAA

Form 1120S (2001)

Form 1120S (2001) TROPICAL PERFECTIONS

62-1808348

Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		6,797.		1,229.
2a	Trade notes and accounts receivable	12,891.		20,099.	
b	Less allowance for bad debts		12,891.		20,099.
3	Inventories		26,012.		15,164.
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)			146,875.	
10a	Buildings and other depreciable assets	153,578.		96,678.	50,197.
b	Less accumulated depreciation	82,828.	70,750.		
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	-1,666.	1,666.	-1,666.	1,666.
14	Other assets (attach schedule) SEE ST. 5.		250.		550.
15	Total assets		118,366.		88,905.
Liabilities and Shareholders' Equity					
16	Accounts payable		28,098.		12,095.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach sch.) SEE ST. 6.		2,451.		3,526.
19	Loans from shareholders		27,326.		27,326.
20	Mortgages, notes, bonds payable in 1 year or more		61,282.		35,350.
21	Other liabilities (attach schedule) SEE ST. 7.				26,419.
22	Capital stock		500.		500.
23	Additional paid-in capital				
24	Retained earnings		-1,291.		-16,311.
25	Adjustments to shareholders' equity (att sch)				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		118,366.		88,905.

Schedule M-1 Reconciliation of Income (Loss) per Books with Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)				
1	Net income (loss) per books	-1,872.	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a	Tax-exempt interest \$
			SEE STMT 8	17,500.
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15g, and 16b (itemize):		6	Deductions included on Schedule K, lines 1 through 11a, 15g, and 16b, not charged against book income this year (itemize):
a	Depreciation \$		a	Depreciation \$
b	Travel and entertainment \$	1,748.	7	Add lines 5 and 6
4	Add lines 1 through 3	-124.	8	Income (loss) (Schedule K, ln 23). Ln 4 less ln 7

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)			
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-1,291.	
2	Ordinary income from page 1, line 21	12,856.	
3	Other additions SEE STATEMENT 9	17,626.	
4	Loss from page 1, line 21		
5	Other reductions SEE STATEMENT 10	(43,498.)	
6	Combine lines 1 through 5	-14,307.	
7	Distributions other than dividend distributions	2,004.	
8	Balance at end of tax year. Subtract line 7 from line 6	-16,311.	

Form **4562**

(Rev March 2002)

Department of the Treasury
Internal Revenue Service**Depreciation and Amortization**
(Including Information on Listed Property)See separate instructions.
Attach to your tax return.

OMB No. 1545-0172

2001

67

Name(s) Shown on Return

TROPICAL PERFECTIONS

Identifying Number

62-1808348

Business or Activity to Which This Form Relates

FORM 1120S

Part I Election to Expense Certain Tangible Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See instructions for a higher limit for certain businesses	1	\$24,000.
2	Total cost of Section 179 property placed in service (see instructions)	2	16,611.
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	24,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
5-YEAR TROPICAL MACHINES (15)	16,611.	16,611.	
7	Listed property. Enter the amount from line 29	7	0.
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7	8	16,611.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	16,611.
10	Carryover of disallowed deduction from line 13 of your 2000 Form 4562	10	10,619.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	12,856.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	12,856.
13	Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12	13	14,374.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions)	14	
15	Property subject to Section 168(f)(1) election (see instructions)	15	
16	Other depreciation (including ACRS) (see instructions)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2001	17	7,132.
18	If you are electing under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B — Assets Placed in Service During 2001 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C — Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions)

21	Listed property. Enter amount from line 28	21	4,900.
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	12,032.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs	23	

BAA For Paperwork Reduction Act Notice, see instructions.

FD120812L 03/20/02

Form 4562 (2001) (Rev 3-2002)

Form 4562 (2001) (Rev 3-2002) TROPICAL PERFECTIONS

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No									24b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected Section 179 cost			
25 Special depreciation allowance for listed property acquired after September 10, 2001 and used more than 50% in a qualified business use (see instructions).....								25			
26 Property used more than 50% in a qualified business use (see instructions):											
2001 HONDA A	10/19/00	100.0	25,016.	25,016.	5.0	200DB HY	4,900.				
27 Property used 50% or less in a qualified business use (see instructions):											
								28	4,900.		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.....								29	0.		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.....											

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other more than 5% owner, or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (do not include commuting miles – see instructions).....												
31 Total commuting miles driven during the year.....												
32 Total other personal (noncommuting) miles driven.....												
33 Total miles driven during the year. Add lines 30 through 32.....												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?.....												
35 Was the vehicle used primarily by a more than 5% owner or related person?.....												
36 Is another vehicle available for personal use?.....												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?.....		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners.....		
39 Do you treat all use of vehicles by employees as personal use?.....		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?.....		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).....		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code Section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2001 tax year (see instructions):					
43 Amortization of costs that began before your 2001 tax year.....				43	
44 Total. Add amounts in column (f). See instructions for where to report.....				44	

Form **4797**

Sales of Business Property
 (Also Involuntary Conversions and Recapture Amounts
 Under Sections 179 and 280F(b)(2))
 ▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

2001
27

Department of the Treasury
Internal Revenue Service (99)

Name(s) Shown on Return

TROPICAL PERFECTIONS

Identifying Number

62-1808348

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2001 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)..... **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions from Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)

2 (a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
MACHINES LOST OR JUNKED	1/01/00	12/31/01		5,815.	23,315.	-17,500.

- 3 Gain, if any, from Form 4684, line 39. **3**
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37. **4**
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824. **5**
- 6 Gain, if any, from line 32, from other than casualty or theft. **6**
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows. **7** **-17,500.**
Partnerships (except electing large partnerships). Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below.
- S corporations.** Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to the capital gains tax.
- All others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.
- 8 Nonrecaptured net section 1231 losses from prior years (see instructions). **8**
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions). **9**
S corporations. Enter any gain from line 9 on Schedule D (Form 1120S), line 15, and skip lines 11 and 12 below.
- All others.** If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.

Part II Ordinary Gains and Losses

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

- 11 Loss, if any, from line 7. **11**
- 12 Gain, if any, from line 7 or amount from line 8, if applicable. **12**
- 13 Gain, if any, from line 31. **13**
- 14 Net gain or (loss) from Form 4684, lines 31 and 38a. **14**
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36. **15**
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824. **16**
- 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions). **17**
- 18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows. **18**
a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed.
b For individual returns:
- (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from Form 4797, line 18b(1). See instructions. **18b(1)**
- (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14. **18b(2)**

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STATEMENT 1
FORM 1120S, LINE 19
OTHER DEDUCTIONS

ANSWERING SERVICE.....	\$	471.
AUTO AND TRUCK EXPENSE.....		15,285.
BANK CHARGES.....		372.
COMPUTER LEASE EXPENSE.....		1,099.
FOOD SHOW EXPENSE.....		16,278.
INSURANCE.....		6,054.
LEGAL AND PROFESSIONAL.....		3,550.
MEALS AND ENTERTAINMENT EXPENSE.....		1,748.
MISCELLANEOUS.....		862.
NON-MEAL ENTERTAINMENT.....		178.
OUTSIDE SERVICES.....		2,931.
POSTAGE.....		1,121.
PRINTING.....		516.
SECURITY.....		390.
SPOILED PRODUCT.....		1,655.
SUPPLIES.....		3,484.
TELEPHONE.....		10,688.
TRAVEL.....		7,713.
UTILITIES.....		3,084.
TOTAL	\$	<u>77,479.</u>

STATEMENT 2
FORM 1120S, SCHEDULE A, LINE 5
OTHER COSTS

MIXING CONTAINER EXPENSE.....	\$	903.
P O S MATERIAL.....		7,378.
PRODUCT LOSS.....		2,940.
SHIPPING COST.....		17,128.
SPARE PARTS.....		2,594.
STORAGE COST.....		380.
TOTAL	\$	<u>31,323.</u>

STATEMENT 3
FORM 1120S, SCHEDULE K, LINE 7
CHARITABLE CONTRIBUTIONS

CASH CONTRIBUTIONS - 50% LIMITATION.....	\$	250.
TOTAL	\$	<u>250.</u>

STATEMENT 4
FORM 1120S, SCHEDULE K, LINE 21
OTHER ITEMS

SECTION 179 EXPENSE RECAPTURE ON DISPOSITION OF ASSETS.....	\$	17,500.
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STATEMENT 5
FORM 1120S, SCHEDULE L, LINE 14
OTHER ASSETS

	BEGINNING	ENDING
SECURITY DEPOSITS.....	\$ 250.	\$ 550.
TOTAL	\$ 250.	\$ 550.

STATEMENT 6
FORM 1120S, SCHEDULE L, LINE 18
OTHER CURRENT LIABILITIES

	BEGINNING	ENDING
OTHER ACCRUALS.....	\$ 2,451.	\$ 0.
PAYROLL TAX LIABILITY.....	0.	3,519.
SALES TAX PAYABLE.....	0.	7.
TOTAL	\$ 2,451.	\$ 3,526.

STATEMENT 7
FORM 1120S, SCHEDULE L, LINE 21
OTHER LIABILITIES

	BEGINNING	ENDING
DEFERRED INCOME/WARRENTY CONTRACT.....	\$ 0.	\$ 26,419.
TOTAL	\$ 0.	\$ 26,419.

STATEMENT 8
FORM 1120S, SCHEDULE M-1, LINE 5
INCOME ON BOOKS NOT ON SCHEDULE K

GAIN (LOSS) ON DISPOSITION OF ASSETS.....	\$ 17,500.
TOTAL	\$ 17,500.

STATEMENT 9
FORM 1120S, SCHEDULE M-2, LINE 3
OTHER ADDITIONS

INTEREST INCOME.....	\$ 126.
SECTION 179 EXPENSE RECAPTURE ON DISPOSITION OF ASSETS.....	17,500.
TOTAL	\$ 17,626.

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**STATEMENT 10
FORM 1120S, SCHEDULE M-2, LINE 5
OTHER REDUCTIONS**

CONTRIBUTIONS.....	\$	250.
DISALLOWED MEALS AND ENTERTAINMENT.....		1,748.
SECTION 1231 LOSS.....		17,500.
SECTION 179 CARRYOVER.....		11,144.
SECTION 179 EXPENSE.....		12,856.
TOTAL	\$	<u>43,498.</u>